

Weekly Economic Review

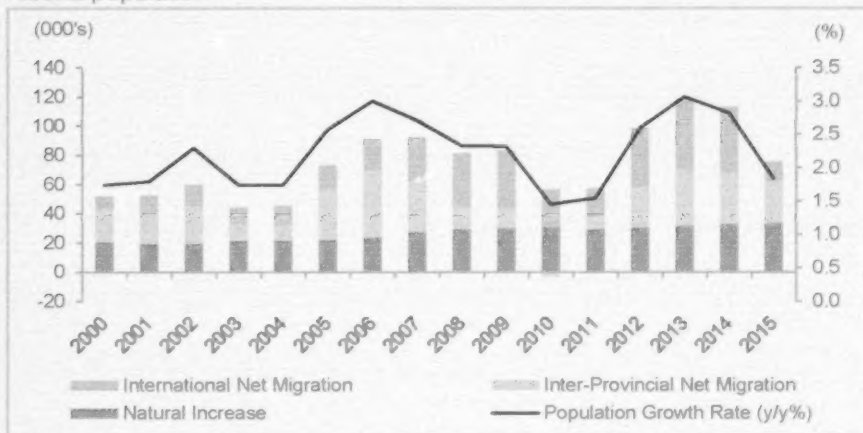
Population growth slows

Population

Weaker net-international migration

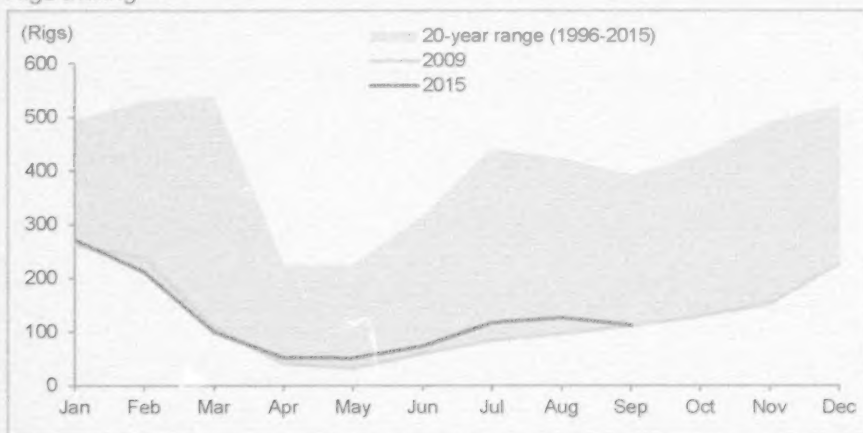
As of July 1, 2015, Alberta's population was estimated to be 4,196,457, up 1.8% from a year earlier. This was the strongest growth among the provinces, but the slowest in four years (Chart 1). Net interprovincial migration was strong in the current census year, as 28,921 people moved to Alberta from the rest of Canada.

Chart 1: International immigration has slowed
Alberta population



Source: Statistics Canada

Chart 2: Rigs following the 20-year minimum
Rigs Drilling



Source: Canadian Association of Oilwell Drilling Contractors (CAODC)

Net international migration slowed significantly because of net outflows of non-permanent residents, a result of the changes in the temporary foreign worker program. Natural increase, a key population driver in Alberta, accounted for almost half of the population growth this year.

The population of Canada grew by 0.9% in census year 2015, the slowest annual growth in over 15 years. This was partly due to net outflows of non-permanent residents.

Rail Carloadings

Carloadings decline

There were 150,000 railcars loaded in Western Canada during July 2015, a decrease of 6.6% year-over-year (y/y). Crude oil carloadings continued to rebound from May, but were still 14% lower than in July 2014. Coal loadings continue to trend downwards, falling 9.4% to a four-year low on less production and exports. Coal accounts for 15% of total carloadings. Cars carrying agriculture and food products remained down from strong 2014 levels. Year-to-date, car loadings were down 1.9%.

Rigs Drilling

Near 20-year minimum

In September there were 113 rigs drilling across Alberta, a decline of 60% y/y. This dropped rig activity back down to the 20-year minimum set in 2009 (Chart 2). Just 21% of available rigs were in the field, down from 49% in July 2014. Nationally, rig activity fell to the lowest level in over 20 years declining 56% y/y. Both natural gas and oil drilling are down substantially this year, however, the decline in oil drilling has been much sharper. Rig activity in the United States continues to follow historic lows, down 56% y/y.

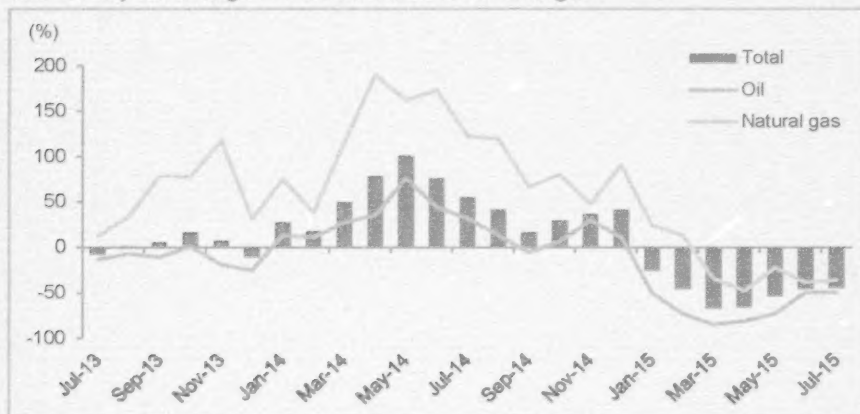
Metres Drilled

Modest improvement in bitumen

The number of metres drilled for oil and gas in Alberta during July remained low, down 44% y/y, though the declines have started to moderate. Metres drilled for bitumen narrowed the gap with last year's levels, down just 26% (Chart 3) compared with a year to date decline of 56%. Conventional metres drilled were down 57% y/y. The number of metres drilled for natural gas declined 36% from last year when high demand spurred drilling activity.

Chart 3: Metres drilled have declined after strong growth in 2014

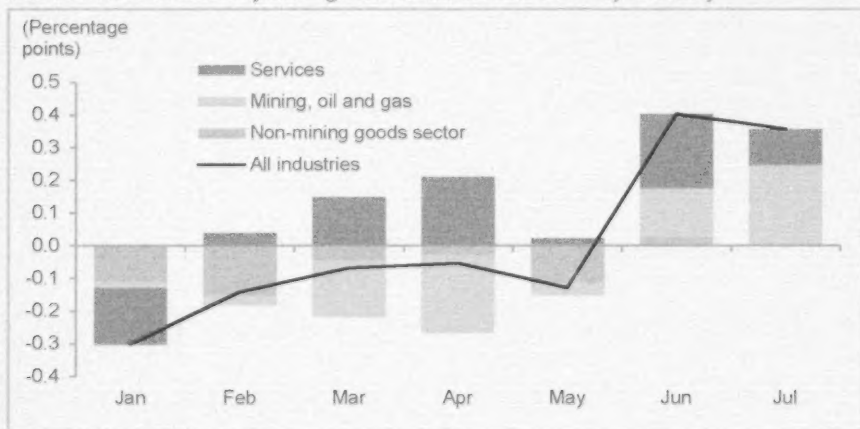
Year-over-year change in metres drilled for oil and gas



Source: Alberta Energy Regulator

Chart 4: Oil and gas drives volatility in Canadian GDP

Contribution to monthly change in Canadian real GDP by industry



Source: Statistics Canada

Canadian Real GDP

Bouncing back

The Canadian economy expanded for the second month in a row, with real GDP growing by 0.3% in July (Chart 4). Oil and gas extraction increased by 4.4%, driven by an impressive 9.1% spike in non-conventional oil production. Conventional production grew by a more modest 0.8%. However, support activities for mining, oil and gas extraction contracted (-1.9%) for the fifth month since January and were down by 41% year-to-date. Manufacturing activity was up by 0.6%. Services also modestly added to growth, carried by gains in transport and warehousing, retail trade and finance.

US Employment

Employment disappoints

The US labour market hit a soft patch as September employment growth slowed to 142,000 jobs, while the August figure was revised down by 37,000 to 136,000. Both months were well below the 198,000 average monthly job gains year-to-date. While the unemployment rate remained at 5.2%, the labour force participation rate fell 0.2 percentage points to 62.4%. Leisure and hospitality services, professional and business, and professional and education and health were the strongest job creators. Those gains were offset by the loss of 13,000 goods producing jobs. The mining industry continued its nine-month employment contraction, shedding 10,300 more positions and bringing total losses for 2015 up to 102,400. Employment in the manufacturing sector also shrank for a second month, losing 9,000 jobs.

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.